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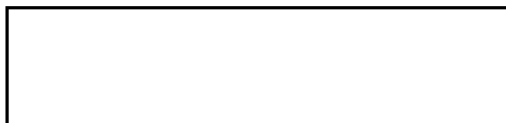
BIWEEKLY REPORT

SINO-SOVIET BLOC ECONOMIC ACTIVITIES IN UNDERDEVELOPED AREAS

EIC-WGR-1/48
9 December 1957

**PREPARED BY THE WORKING GROUP
ON SINO-SOVIET BLOC ECONOMIC ACTIVITIES
IN UNDERDEVELOPED AREAS**

ECONOMIC INTELLIGENCE COMMITTEE



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Summary of Events
22 November - 5 December 1957

The agreement of Czechoslovakia to lend Egypt \$56 million for industrial development is the most significant event affecting the economic relations between the Sino-Soviet Bloc and the underdeveloped countries of the Free World reported during the period 22 November - 5 December 1957. Although details concerning this agreement are not yet available, the basic terms are apparently the same as those of the recent Soviet agreement to lend \$175 million to Egypt. The rate of interest will be 2.5 percent per year, and repayment will take place over a 12-year period.

Egypt signed a contract with the USSR on 26 November to import 100,000 metric tons of wheat, the first commitment Egypt has made with the USSR for the 1957/58 fiscal year. In exchange for the wheat, the USSR will buy \$2.87 million worth of Egyptian cotton, rice, and oranges for delivery in December 1957. The remaining wheat requirements of Egypt for the year are being obtained from non-Bloc sources.

In mid-November the USSR offered to supply Indonesia with ships. A shortage of interisland and coastal ships resulting from the recent removal of many Dutch vessels from Indonesia makes it highly advantageous for Indonesia to procure ships quickly. Several other countries, including Poland, also have recently offered ships to Indonesia.

A new trade agreement between Israel and Poland was concluded in Warsaw on 16 October, to become effective on 1 November. The planned volume of trade each way has been raised from \$2.6 million in the last agreement to \$3.7 million.

The Soviet Bloc -- with Czechoslovakia assuming the leading role -- is offering attractive purchasing arrangements to prospective Greek buyers in a move to capture the market for tractors and farm equipment in northern Greece. Prompt delivery, low prices, adequate servicing, and good financial terms have made Czechoslovak

- i -

S-E-C-R-E-T

S-E-C-R-E-T

agricultural equipment attractive to Greek customers. As a result, there has been a substantial increase in Bloc sales of farm equipment in Greece.

Brazil and Uruguay have been approached recently by countries of the Sino-Soviet Bloc with attractive offers of credit and technical assistance. Poland is reported to have offered Brazil steel rails worth about \$10 million as well as port equipment, construction of a railroad, and mining equipment necessary to move Brazilian iron ore to market. According to Brazilian newsmen who interviewed Khrushchev, he stated that the USSR would like to provide Brazil with heavy industrial equipment and necessary technicians and would accept in return Brazilian coffee, cacao, leather goods, cotton, and other commodities. Czechoslovakia and the USSR have offered Uruguay heavy equipment on long-term credit as well as technical assistance in rehabilitating the Uruguayan state railroad system.

- ii -

S-E-C-R-E-T

S-E-C-R-E-T

CONTENTS

	<u>Page</u>
I. South Asia	1
A. Offer of Czechoslovak Aid for Indian Foundry- Forge Project	1
B. Afghan-Soviet Contract for Junglot Machine Shop Complex	1
II. Southeast Asia (Soviet Offer of Ships to Indonesia) . . .	2
III. Middle East	2
A. Egypt	2
1. Czechoslovak Agreement to Lend Egypt \$56 Million	2
2. Egyptian Purchase of Wheat from the USSR . . .	3
B. Concluding of Israeli-Polish Trade Agreement . . .	3
C. Soviet Bloc Sales of Agricultural Equipment to Greece	4
IV. Latin America (Sino-Soviet Bloc Offers of Developmental Assistance to Brazil and Uruguay)	5
V. Europe (Yugoslav Drawings on Soviet and Satellite Credits)	7

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Next 7 Page(s) In Document Exempt

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